

**1995 FARM BILL**

**THE CHANGED SETTING**

**and**

**OTHER IMPORTANT DEVELOPMENTS**

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## CHANGED SETTING

### Timing May Bring Changes

- Recognition of Chronic Deficit
- Growing Sense of Counter Productivity

### Signing of GATT

- Reduce Trade-Distorting Support
- Lower Protection for Agriculture
- New Policies

# OTHER IMPORTANT DEVELOPMENTS

## 1. CHANGES IN MEMBERSHIP OF CONGRESS

Republican Control (House and Senate)

New Members / New Constituencies

Continued Decline of Agriculture

Rural Depopulation

## 2. CONTRACT WITH AMERICA

Vowed to Balance Budget

Vowed to Control Spending

Farm Programs "cut" Candidates

New Groups Want Share of Shrinking Budget

- Environmental
- Sustainable Agriculture
- Food Safety
- Alternative Use
- Rural Development

### 3. GROWING OPENNESS OF ECONOMY

Flexible Exchange Rates

Integrated International Capital Market

Monetary/Fiscal Policies Affect Agricultural Trade

Commodity Programs Losing Relevancy

Growing Instability

### 4. DOMESTIC INTEGRATION OF U.S. ECONOMY

Production Agriculture More Part-time

Effectiveness of Traditional Commodity  
Programs ??

New Concepts for Supporting Farm Income ???

## 5. CHANGING INTERNATIONAL AGRICULTURE

End of FSU Consumer Subsidies

- ↓ Demand for Imported Grain

Policy Reforms Removing Production Restraints

Changing Competitive Advantage

Changing Trading Patterns

NAFTA Economic Integration

- ↑ Competition
- New Trade Opportunities

## 6. CHANGING DOMESTIC AGR SECTOR

Beef

- ↑ Exports

Feed Grains

- ↑ as Input Sector (Livestock, Industry, etc)

Dairy

- Technology Change
- Location Change

Swine

- Integration/Concentration/Contracting

Niche Markets

**TABLE 1. COMMODITY PROGRAMS CUTS IF NEEDED  
FARM OPERATOR OPINION BY FARM SIZE,  
OHIO, MARCH 1994.**

Farm Size (Sales)	Target Small & Medium Farms	Target Those with Financial Need	Reduce Target Prices & Deficiency Payments	Reduce Number of Payment Acres	No Response	Total <sup>a</sup>
-----Percent <sup>b</sup> of Operators -----						
Under \$40,000	44	24	16	9	7	100
\$40,000 - \$99,999	34	16	23	19	9	100
\$100,000 - \$249,999	28	19	13	31	7	100
\$250,000 plus	7	25	29	36	4	100
All Farmers	38	22	18	15	7	100

Total may not add to 100 due to rounding

Percents are based on the following number of respondents by categories: Under \$40,000, 348; \$40,000 to \$99,999, 115; \$100,000 to \$249,999, 67; Over \$250,000, 28; and all farmers, 558.

Source: Original survey data.

TABLE 2. PREFERRED PRODUCTION AND PRICE SUPPORT POLICY AFTER  
1995

Region and state	Present program	Mandatory control	Decoupling	Phaseout	No reply
Percentage of respondents					
<b>Midwest</b>	<b>32</b>	<b>5</b>	<b>11</b>	<b>45</b>	<b>5</b>
Iowa	29	7	14	37	4
Illinois	37	5	9	43	7
Indiana	32	3	12	47	6
Michigan	25	7	11	54	3
Ohio	34	3	7	50	6
<b>Great Plains</b>	<b>39</b>	<b>7</b>	<b>10</b>	<b>38</b>	<b>7</b>
Kansas	42	6	12	32	7
Nebraska	38	5	12	37	8
Oklahoma	47	9	13	29	3
S. Dakota	34	6	16	40	5
Texas	36	6	6	43	9
<b>Southeast</b>	<b>47</b>	<b>6</b>	<b>7</b>	<b>35</b>	<b>4</b>
Georgia	52	7	6	32	3
S. Carolina	43	12	6	39	1
Tennessee	47	4	8	36	6
<b>West</b>	<b>31</b>	<b>2</b>	<b>6</b>	<b>52</b>	<b>8</b>
Arizona	30	1	5	56	9
Idaho	31	3	7	51	8
<b>Composite</b>	<b>37</b>	<b>6</b>	<b>10</b>	<b>41</b>	<b>6</b>

Policy	Favor Some Form of Disaster Assistance	Favor No Special Disaster Assistance	No Response	Total
Favor Some Form of a Commodity Program	71%	27%	2%	100
Favor Gradually Eliminate Commodity Programs	28%	70%	2%	100
All Farmers	48%	50%	2%	100

One policy option is to offer a subsidized crop insurance program and no disaster



**TABLE 3. PREFERENCES FOR CONTINUATION OF TARGET PRICES**

<b>Region and state</b>	<b>Continue present</b>	<b>Raise</b>	<b>Lower</b>	<b>Phaseout</b>	<b>No reply</b>
<i>Percentage of respondents</i>					
<b>Midwest</b>	<b>12</b>	<b>39</b>	<b>4</b>	<b>39</b>	<b>5</b>
Iowa	11	45	5	31	4
Illinois	13	42	4	36	6
Indiana	14	37	5	39	6
Michigan	10	33	6	51	1
Ohio	13	32	3	46	6
<b>Great Plains</b>	<b>11</b>	<b>46</b>	<b>5</b>	<b>32</b>	<b>6</b>
Kansas	11	53	3	27	6
Nebraska	11	50	3	30	6
Oklahoma	10	57	6	25	3
S. Dakota	9	49	4	35	3
Texas	11	37	7	36	9
<b>Southeast</b>	<b>16</b>	<b>43</b>	<b>5</b>	<b>31</b>	<b>5</b>
Georgia	15	48	6	28	5
S. Carolina	15	45	4	33	3
Tennessee	18	39	4	33	6
<b>West</b>	<b>11</b>	<b>29</b>	<b>4</b>	<b>46</b>	<b>9</b>
Arizona	14	21	4	50	12
Idaho	10	31	5	45	9
<b>Composite</b>	<b>12</b>	<b>42</b>	<b>5</b>	<b>35</b>	<b>5</b>

TABLE 4. PREFERRED LOAN RATE POLICY

Region and state	Average price	Raise rates	Eliminate loans	No reply
<i>Percentage of respondents</i>				
<b>Midwest</b>	<b>38</b>	<b>14</b>	<b>41</b>	<b>5</b>
Iowa	36	22	13	4
Illinois	38	16	40	7
Indiana	43	10	40	7
Michigan	36	12	50	2
Ohio	38	9	46	7
<b>Great Plains</b>	<b>38</b>	<b>21</b>	<b>34</b>	<b>7</b>
Kansas	39	24	32	6
Nebraska	34	27	32	7
Oklahoma	41	28	29	3
S. Dakota	36	26	35	3
Texas	37	15	39	10
<b>Southeast</b>	<b>48</b>	<b>15</b>	<b>31</b>	<b>6</b>
Georgia	49	19	26	6
S. Carolina	44	20	34	1
Tennessee	49	11	32	8
<b>West</b>	<b>39</b>	<b>9</b>	<b>41</b>	<b>10</b>
Arizona	43	6	38	13
Idaho	37	10	43	10
<b>Composite</b>	<b>40</b>	<b>17</b>	<b>36</b>	<b>6</b>

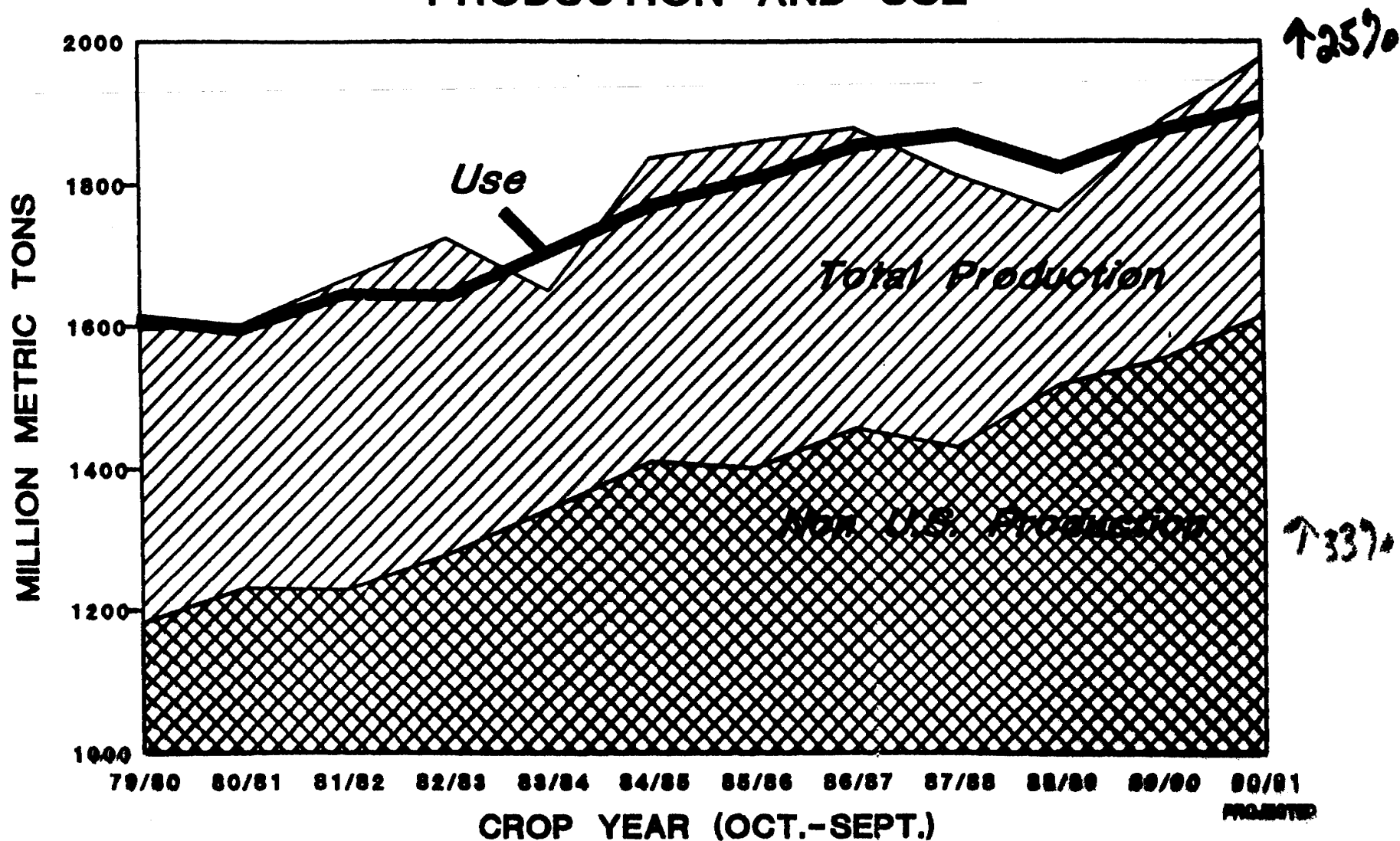
TABLE 5. PREFERRED SPENDING CUTS

Region and state	Reduce deficiency payments	Reduce payment acres	Pay smaller farmers	Financial need	No reply
<i>Percentage of respondents</i>					
<b>Midwest</b>	<b>15</b>	<b>17</b>	<b>46</b>	<b>17</b>	<b>6</b>
Iowa	10	12	64	11	3
Illinois	15	22	40	15	8
Indiana	20	20	38	16	6
Michigan	17	16	45	16	6
Ohio	17	15	38	22	9
<b>Great Plains</b>	<b>15</b>	<b>23</b>	<b>37</b>	<b>16</b>	<b>10</b>
Kansas	11	30	39	9	11
Nebraska	15	20	42	12	11
Oklahoma	15	35	32	13	5
S. Dakota	12	16	54	13	4
Texas	17	17	33	21	11
<b>Southeast</b>	<b>16</b>	<b>16</b>	<b>39</b>	<b>23</b>	<b>6</b>
Georgia	18	24	35	19	4
S. Carolina	18	16	41	21	4
Tennessee	15	12	40	25	8
<b>West</b>	<b>19</b>	<b>13</b>	<b>33</b>	<b>23</b>	<b>11</b>
Arizona	21	13	26	28	13
Idaho	19	13	36	21	11
<b>Composite</b>	<b>15</b>	<b>19</b>	<b>41</b>	<b>18</b>	<b>8</b>

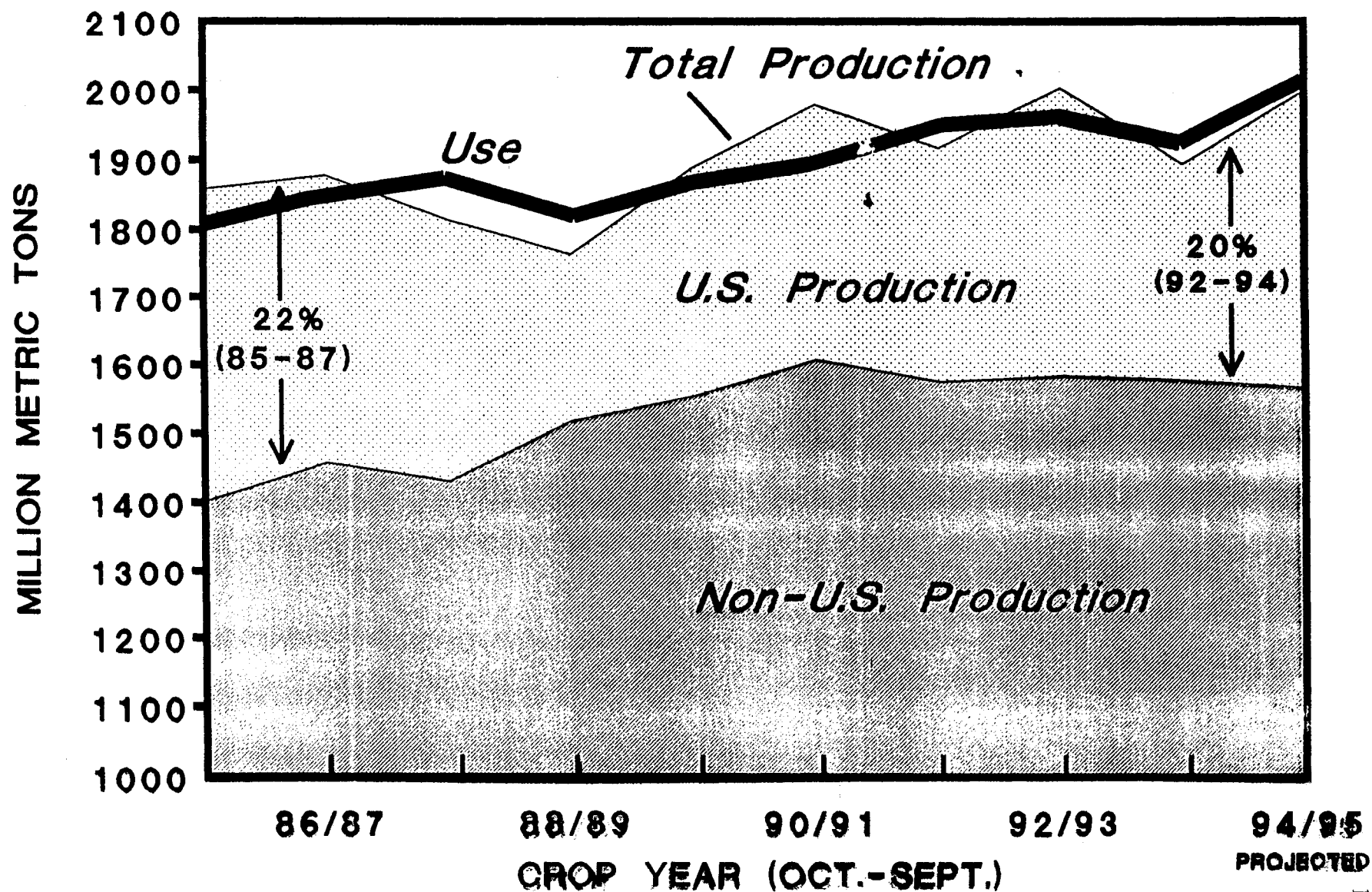
TABLE 6. PREFERENCES FOR MORE FLEX ACRES

Region and state	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	No reply
<i>Percentage of respondents</i>						
<b>Midwest</b>	<b>23</b>	<b>41</b>	<b>19</b>	<b>8</b>	<b>5</b>	<b>4</b>
Iowa	25	46	13	11	4	2
Illinois	25	42	18	7	5	4
Indiana	21	36	26	7	5	4
Michigan	24	38	16	8	9	4
Ohio	19	39	23	8	6	5
<b>Great Plains</b>	<b>29</b>	<b>39</b>	<b>16</b>	<b>6</b>	<b>4</b>	<b>6</b>
Kansas	34	40	14	5	3	4
Nebraska	28	44	14	4	3	5
Oklahoma	39	38	12	6	3	2
S. Dakota	27	46	14	8	3	3
Texas	23	37	20	7	5	8
<b>Southeast</b>	<b>23</b>	<b>38</b>	<b>23</b>	<b>9</b>	<b>4</b>	<b>3</b>
Georgia	25	37	21	12	4	2
S. Carolina	25	42	19	8	3	3
Tennessee	22	38	25	8	4	3
<b>West</b>	<b>20</b>	<b>28</b>	<b>28</b>	<b>8</b>	<b>7</b>	<b>9</b>
Arizona	16	26	33	6	7	14
Idaho	22	29	26	10	7	7
<b>Composite</b>	<b>25</b>	<b>39</b>	<b>19</b>	<b>8</b>	<b>5</b>	<b>4</b>

# WORLD GRAIN AND OILSEED PRODUCTION AND USE

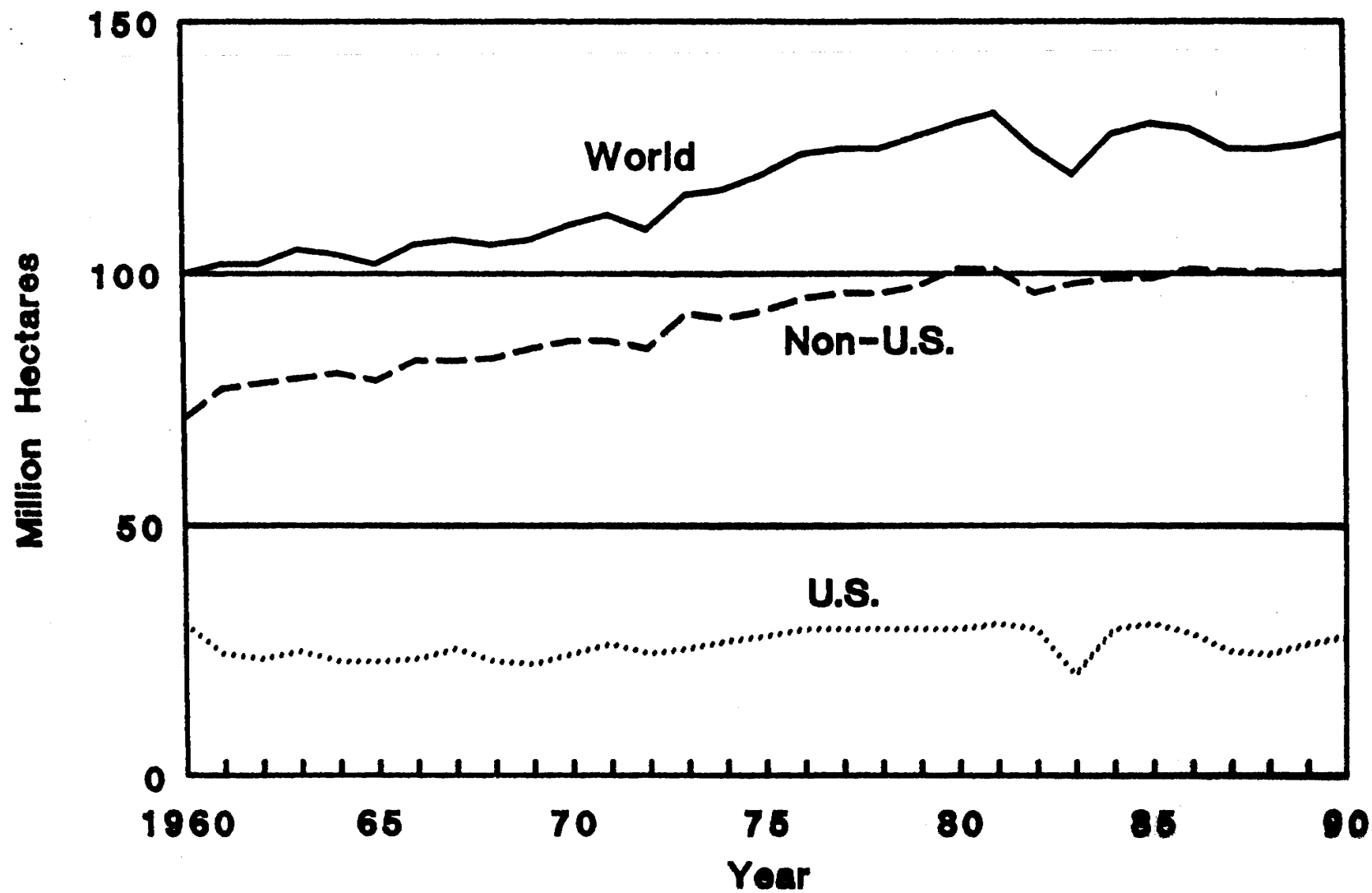


# WORLD GRAIN AND OILSEED PRODUCTION AND USE

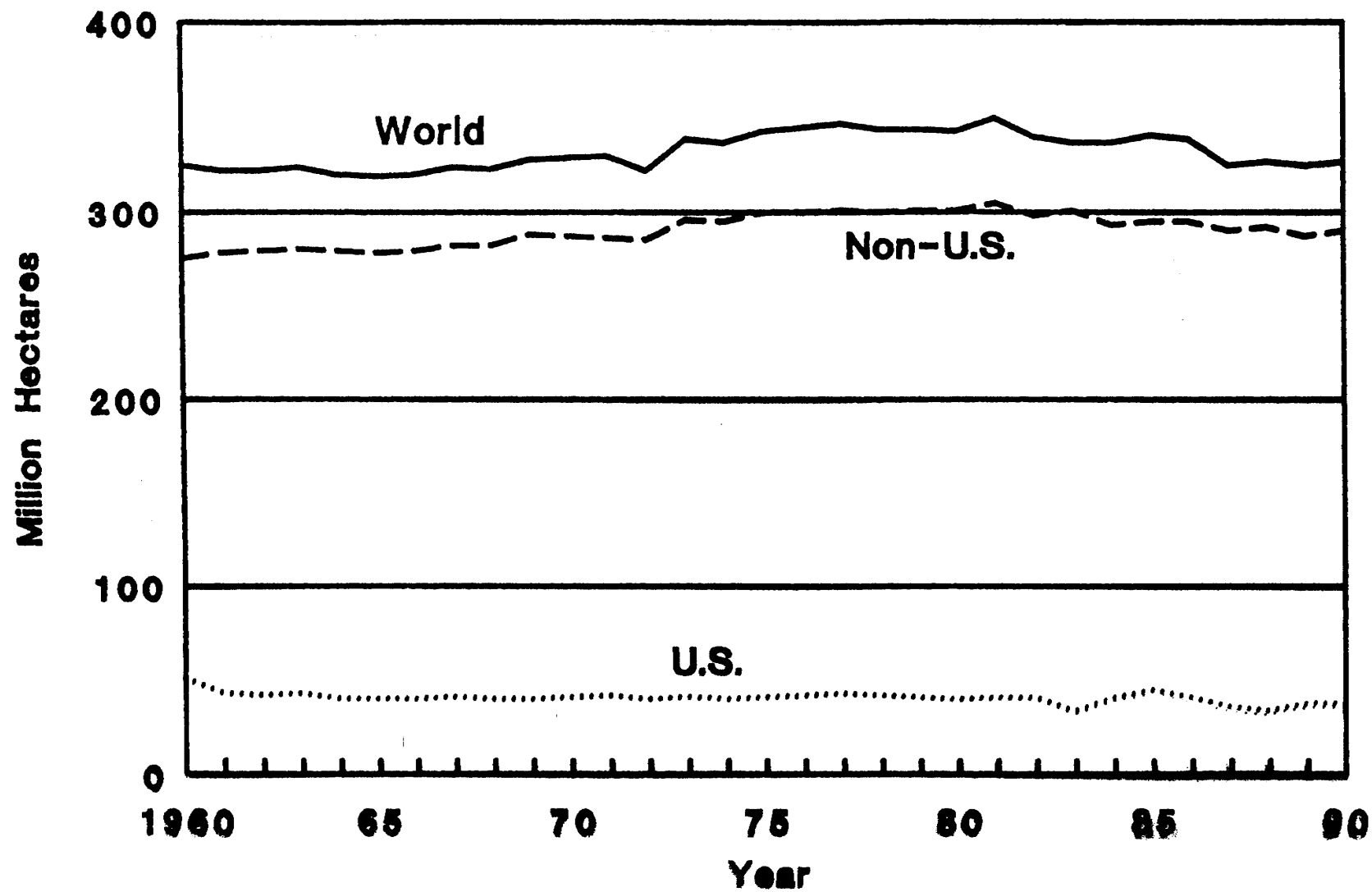


Revised 1/95

# WORLD CORN AREA

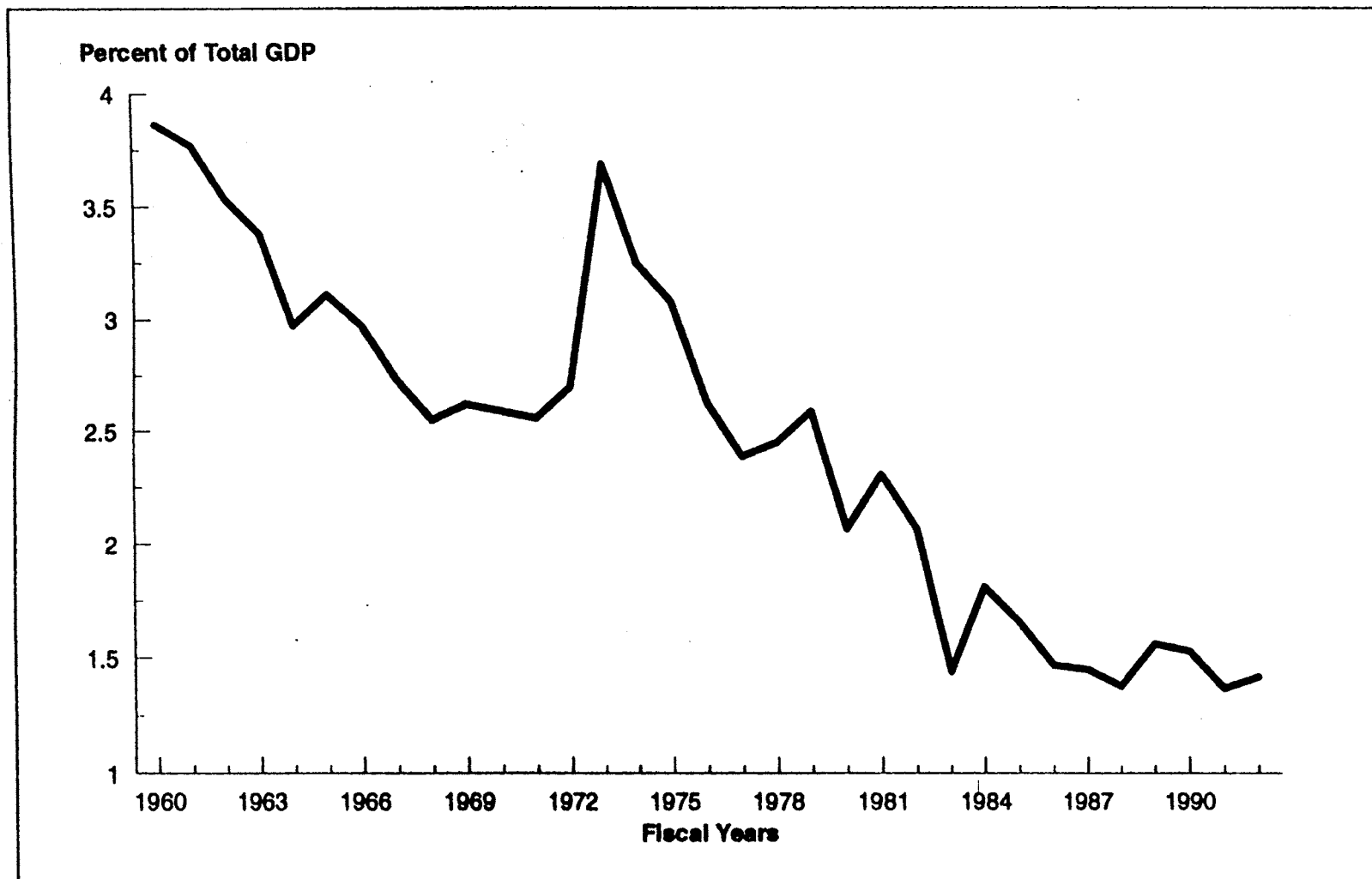


# WORLD COARSE GRAINS AREA



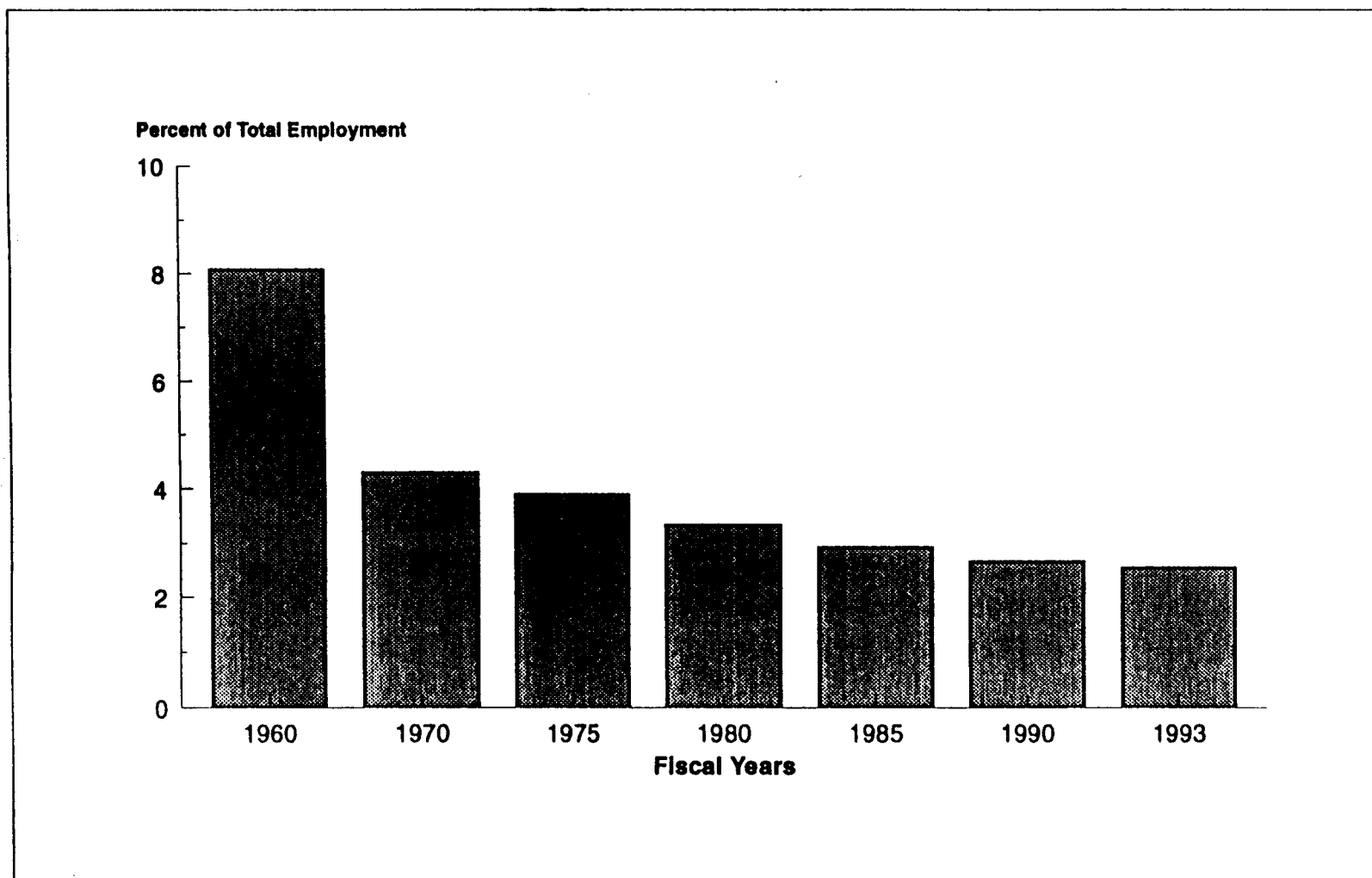


**Figure I.1: Farm Sector's Share of GDP Has Declined**



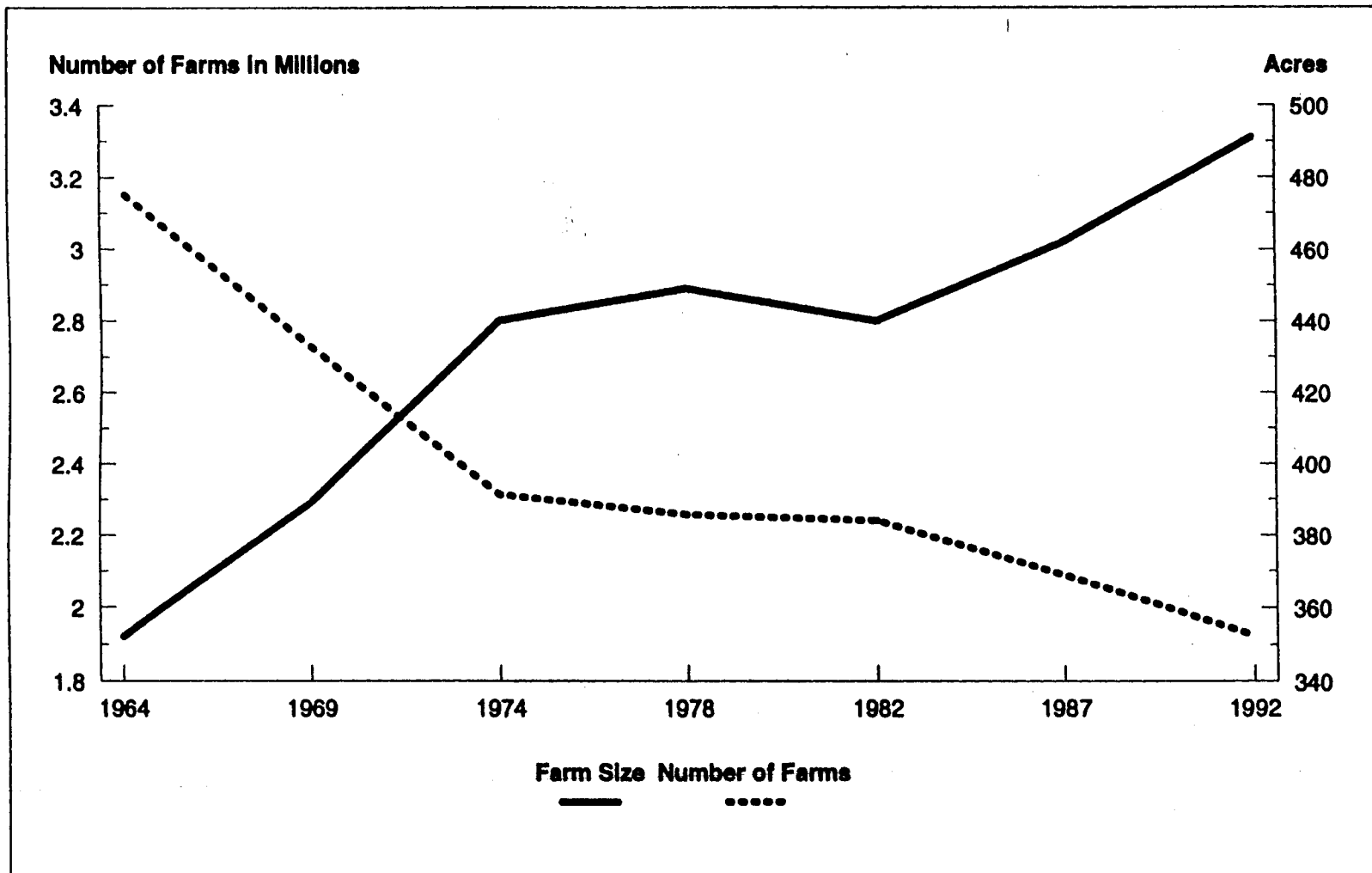
Source: Economic Research Service, U.S. Department of Agriculture.

**Figure I.2: Farm Employment Has Declined as a Percent of Total Employment**



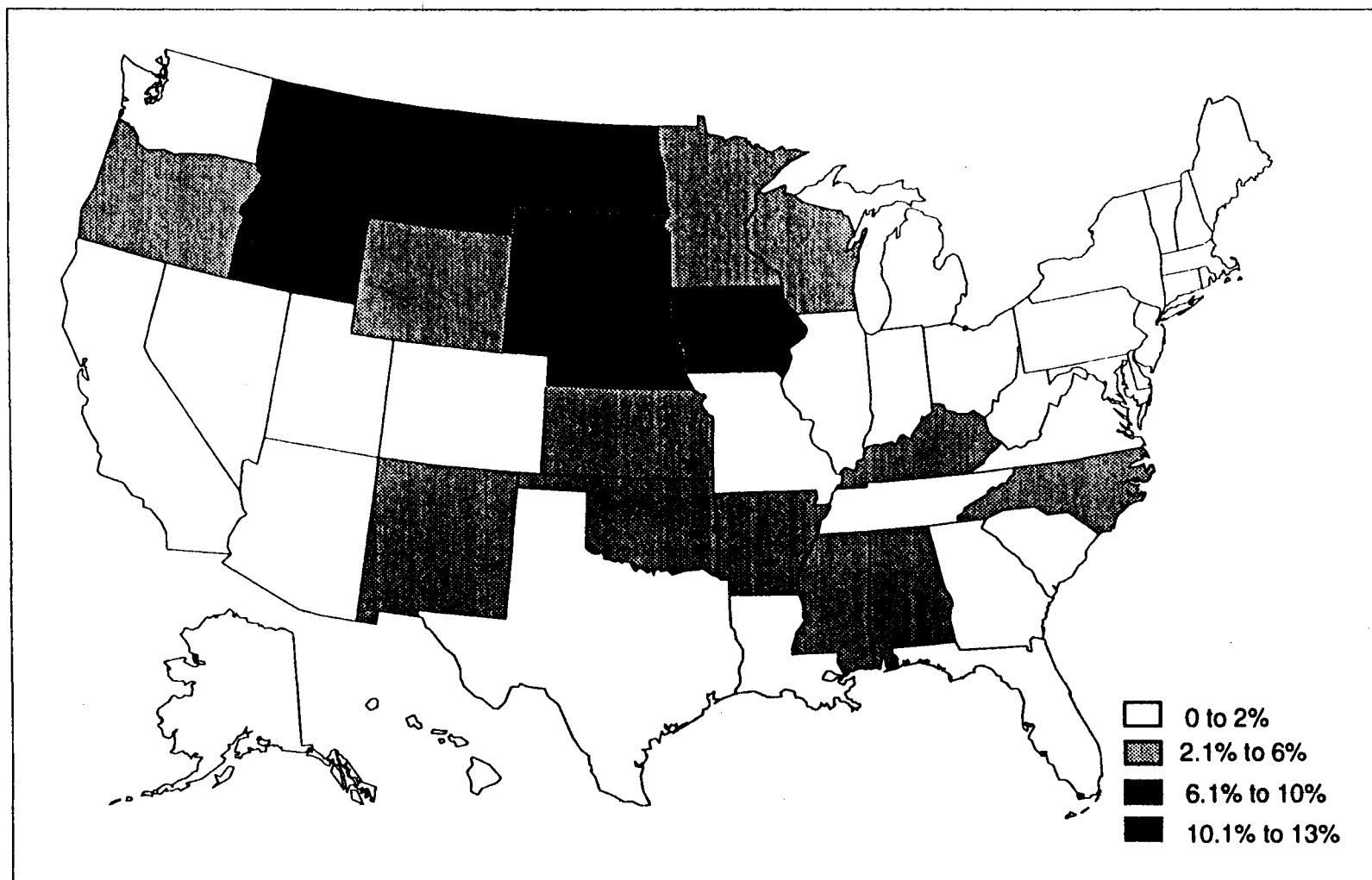
Source: Statistical Abstract of the United States, 1994.

**Figure I.3: Number of Farms Has Decreased, While Average Farm Size Has Increased, 1964-92**



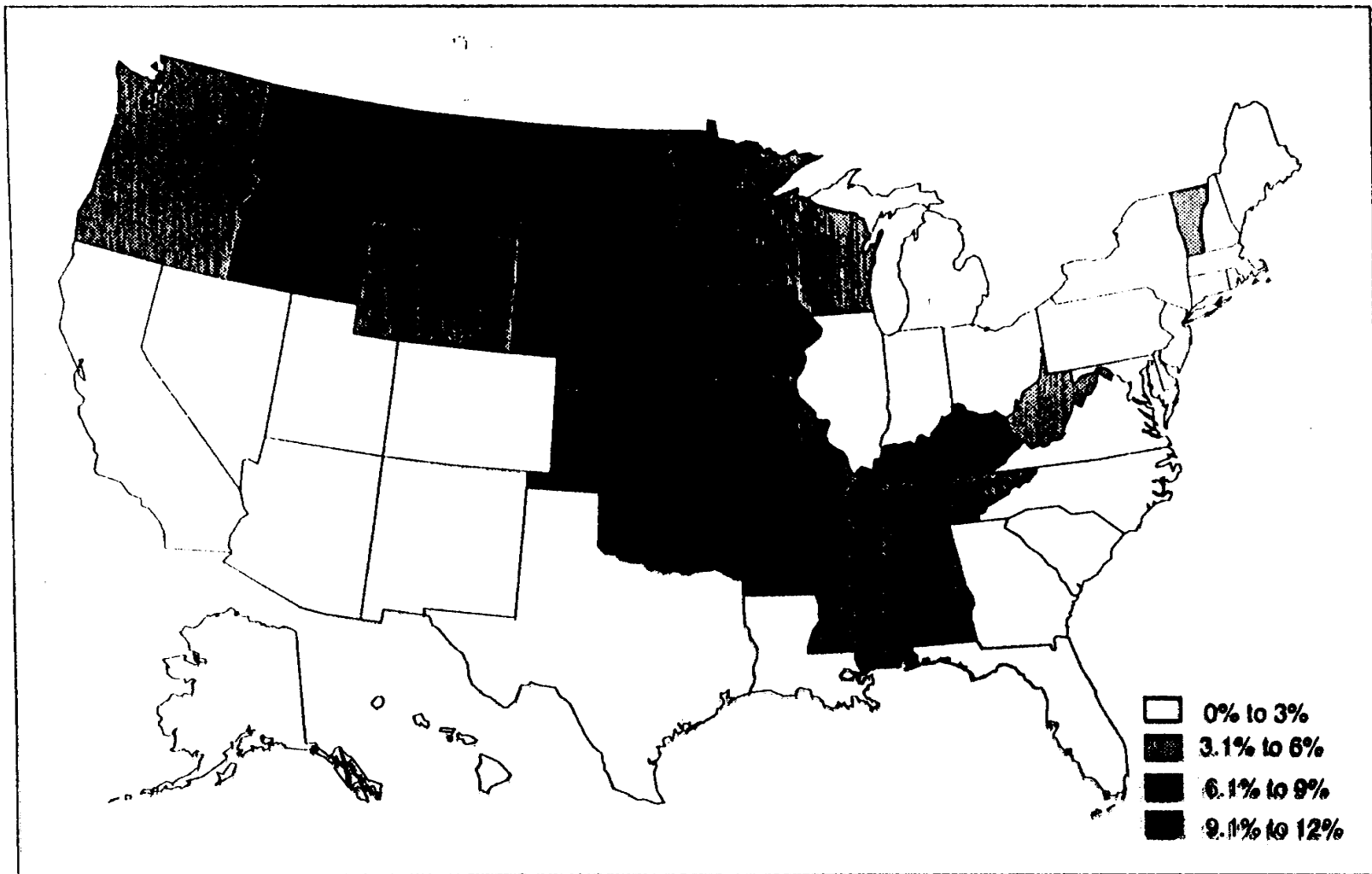
Source: 1992 Census of Agriculture, Department of Commerce.

**Figure I.4: Percent of Gross State Product From Farms, 1991**



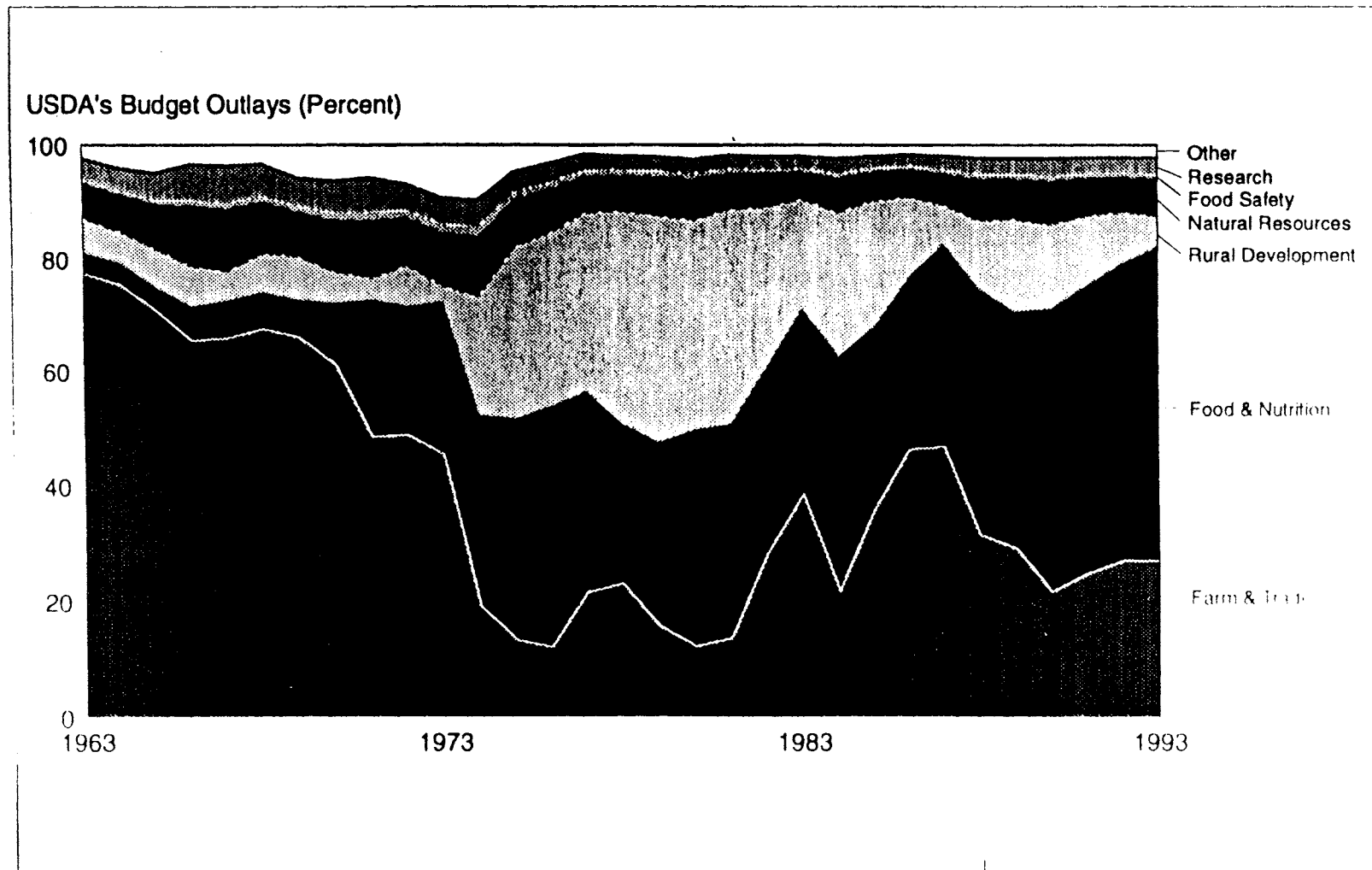
Source: Bureau of Economic Analysis, Department of Commerce.

**Figure I.5: Farm Employment as a Percent of Total Employment, 1991**



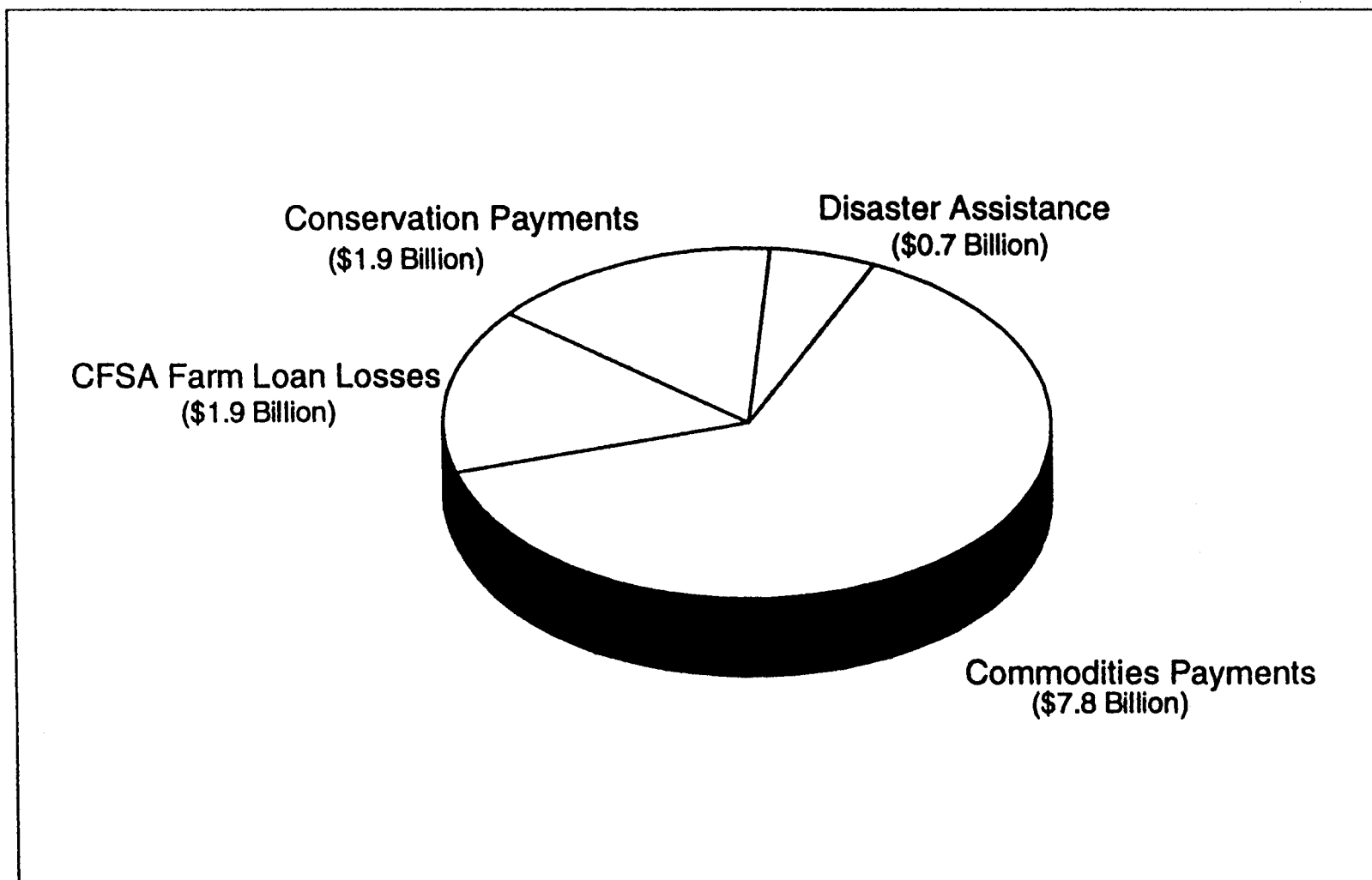
Source: ERS.

**Figure IV.2: USDA's Spending Patterns Have Changed Over Time**



Source: Office of Management and Budget.

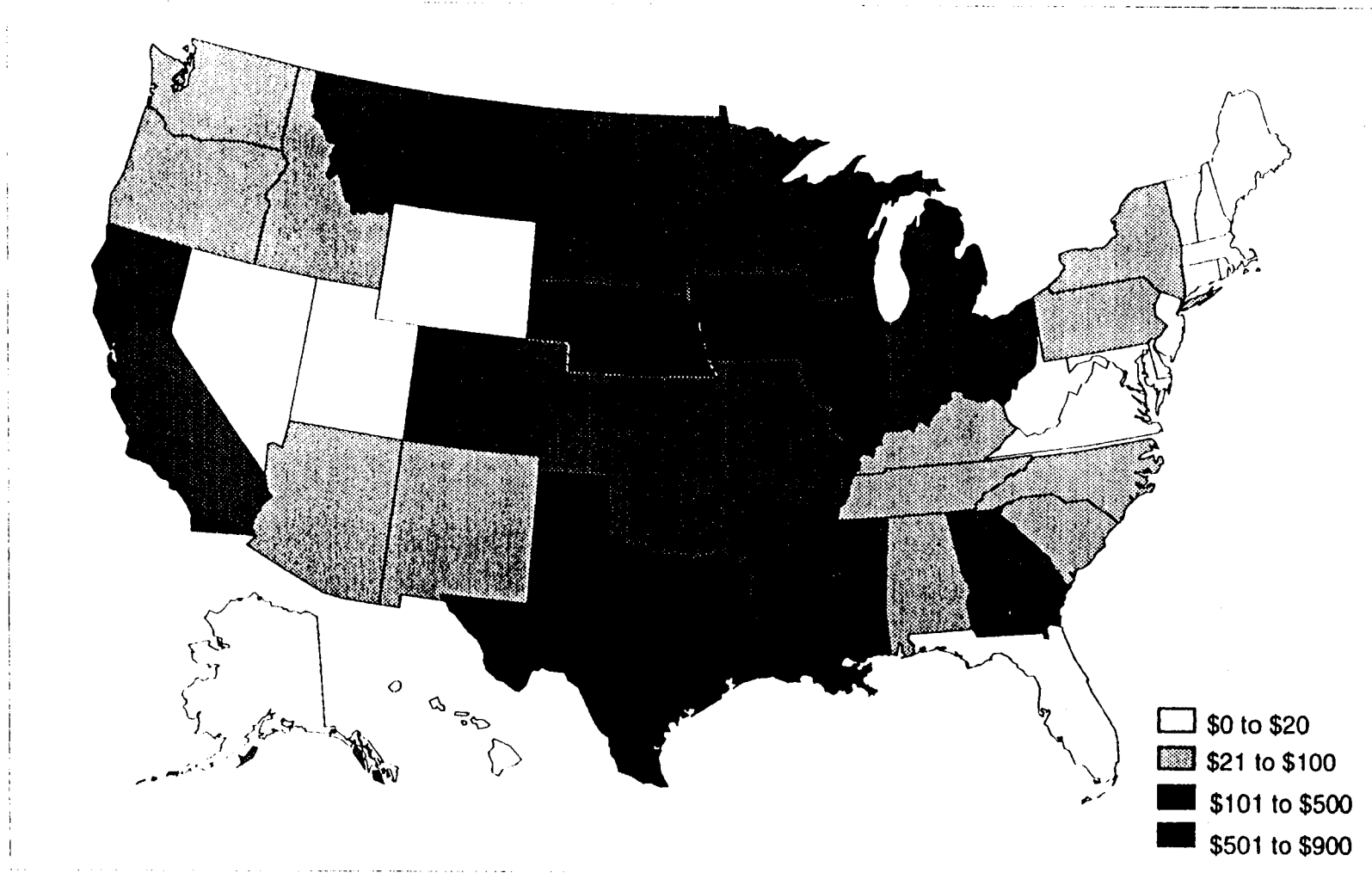
**Figure IV.3: Government Payments to Farmers, 1992**



Source: CFSA, USDA.

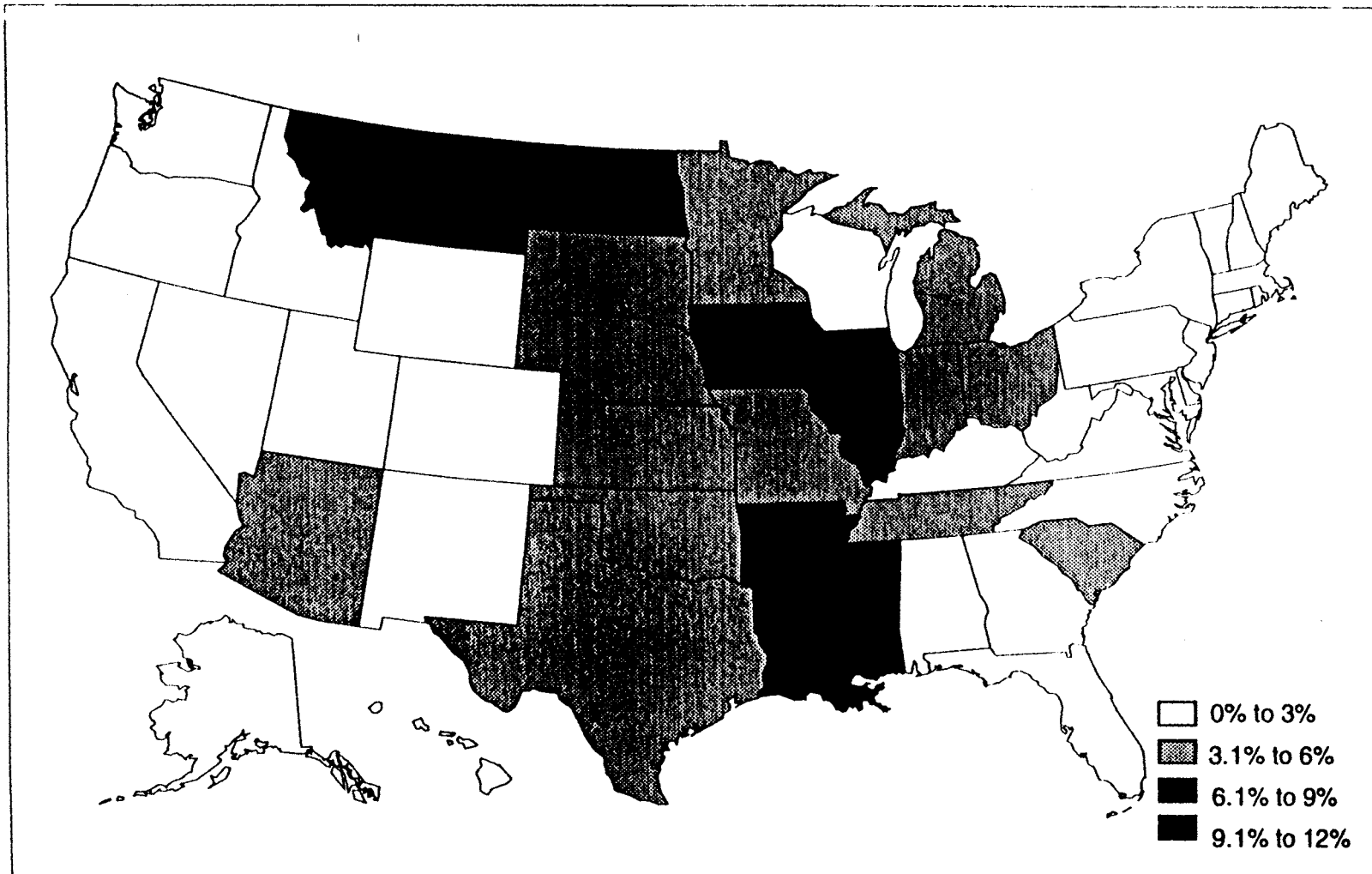
**Figure IV.4: Commodities Payments, 1992**

**Dollars in Millions**





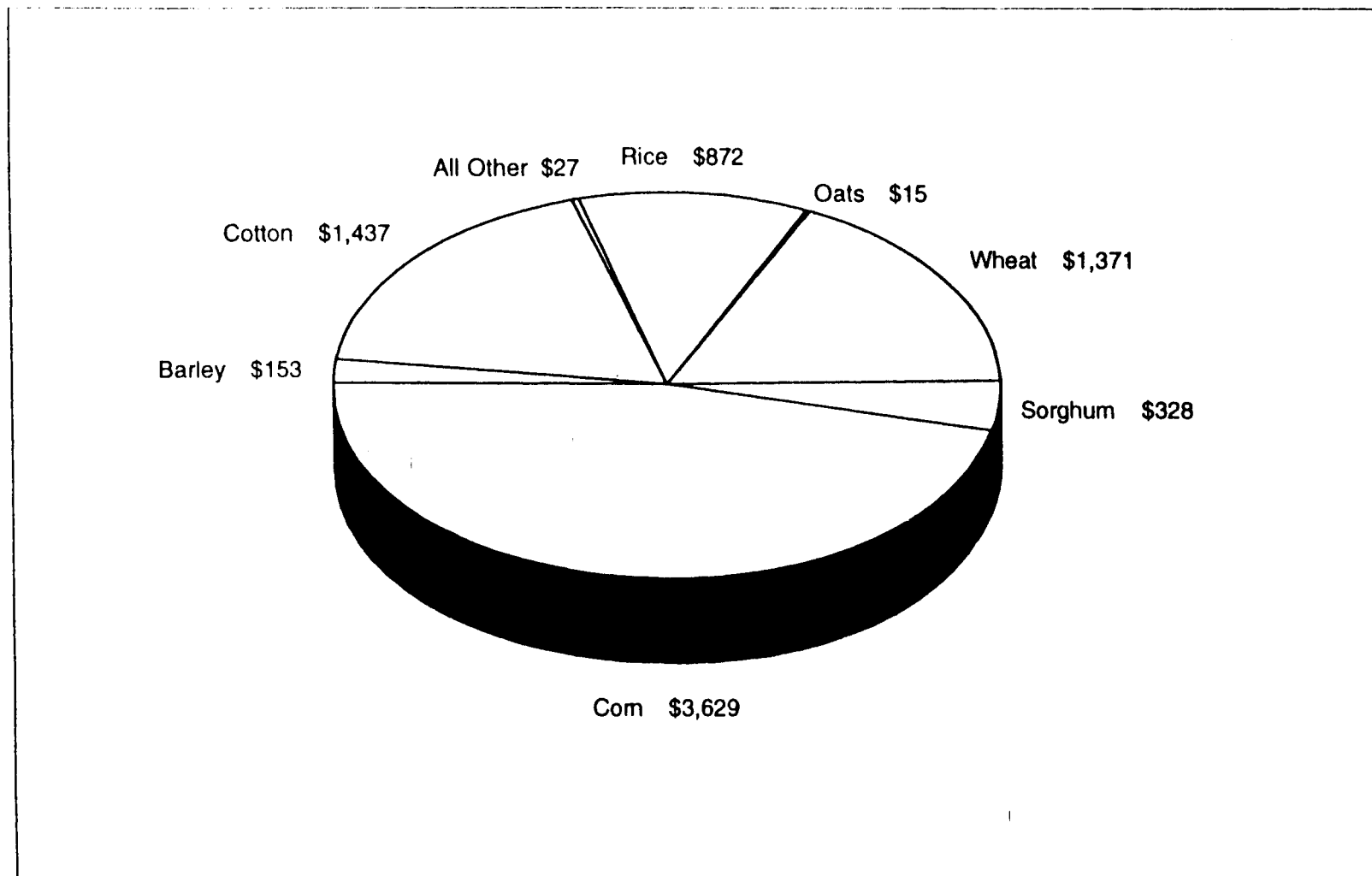
**Figure IV.5: Percent of Gross Farm Income From Commodities Payments, 1992**



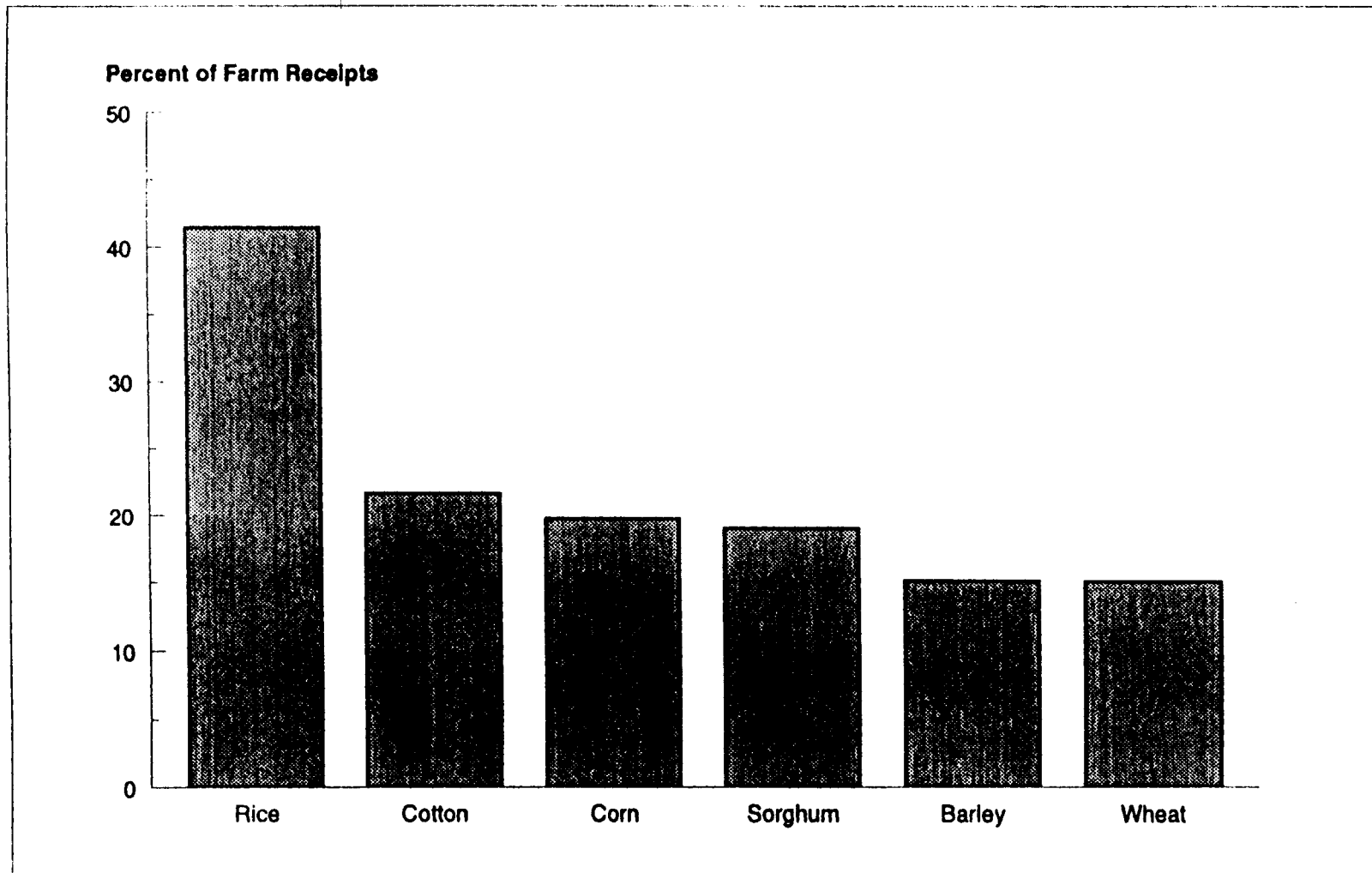
Source: GAO's analysis of data from CFSA and the Statistical Abstract of the United States, 1994.

**Figure IV.6: National Commodities Payments, by Crop, 1992**

**Dollars in Millions**



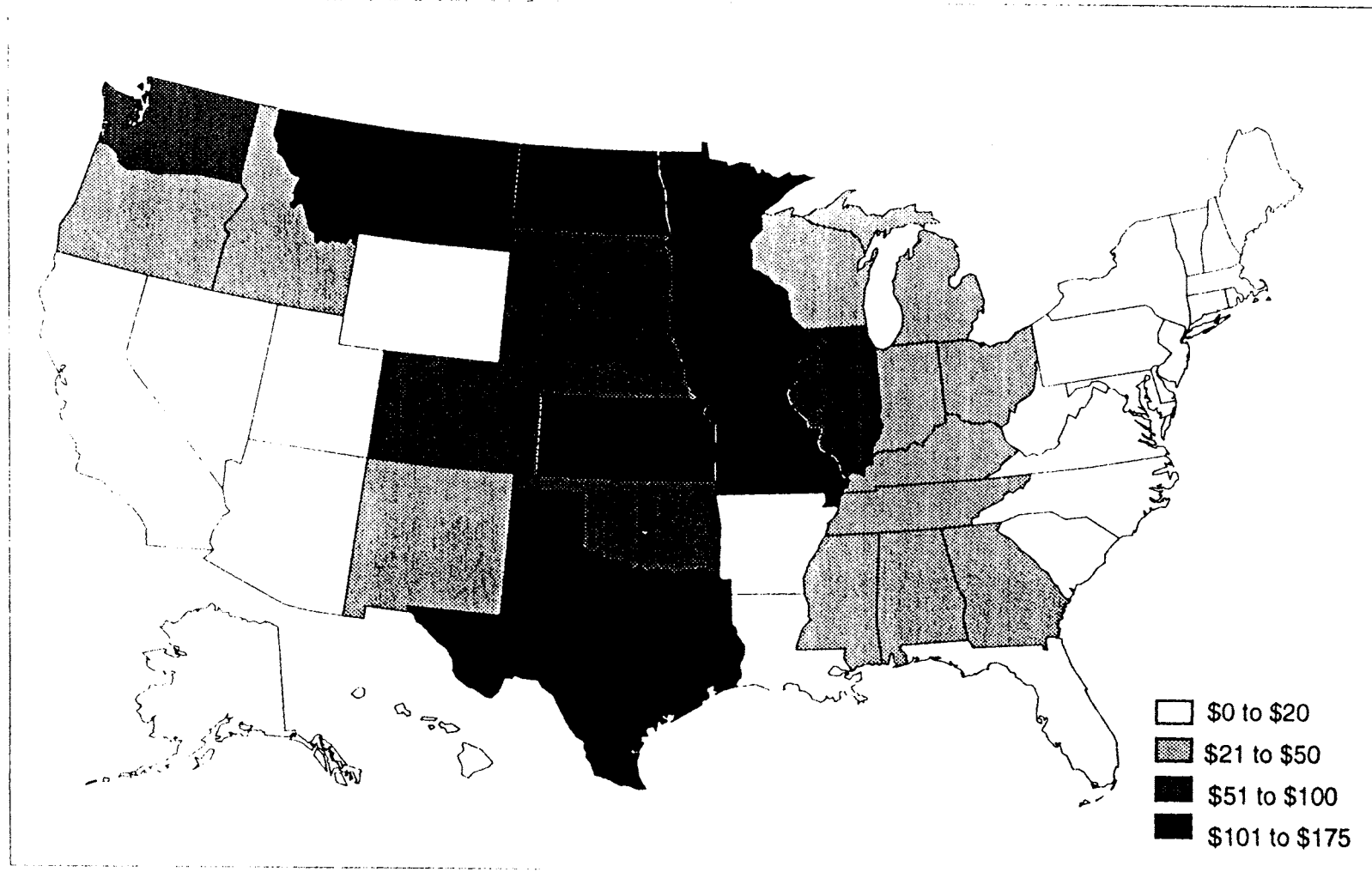
**Figure IV.7: Commodities Payments as a Percent of Farm Receipts, 1992**



Source: GAO's analysis of data from CFSA and ERS.

**Figure IV.8: Conservation Payments, 1992**

**Dollars in Millions**



**Figure IV.9: Disaster Payments, 1988-93**

**Dollars in Millions**

